

Message Text

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DRAFTED BY TREAS:MFIELD:EAB

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FM SECSTATE WASHDC

TO AMEMBASSY ROME

UNCLAS STATE 137586

FOR CIRO DE FALCO

E.O. 11652: N/A

TAGS:

SUBJECT: U.S.-ITALY TAX TREATY NEGOTIATIONS

1. DURING RECENT INCOME TAX TREATY NEGOTIATIONS IN ROME, DAVID ROSENBLOOM, HEAD OF U.S. DELEGATION, ADVISED ITALIAN DELEGATION THAT HE WOULD LIKE TO ISSUE A PRESS RELEASE INDICATING THE ISSUES UNDER DISCUSSION AND INVITING PUBLIC COMMENT. ITALIAN DELEGATION CONCURRED, AND WE AGREED TO SHOW THEM THE PROPOSED TEXT PRIOR TO PUBLICATION.

2. TEXT OF PROPOSED PRESS RELEASE FOLLOWS. PLEASE GIVE COPY TO MR. MONACCHI OF FINANCE MINISTRY AND ADVISE HIM THAT UNCLASSIFIED

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IF HE HAS NO OBJECTIONS WE PLAN TO ISSUE THE RELEASE NEXT WEEK. PLEASE REPORT HIS REACTION ASAP.

3. "TREASURY ANNOUNCES THAT NEGOTIATIONS ON A TAX TREATY WITH ITALY ARE CONTINUING AND INVITES INTERESTED PERSONS TO A MEETING TO DISCUSS UNITED STATES POSITIONS IN SUCH NEGOTIATIONS.

4. THE TREASURY DEPARTMENT ANNOUNCED TODAY THAT A FURTHER

ROUND OF NEGOTIATIONS HAS RECENTLY BEEN CONCLUDED WITH REPRESENTATIVES OF ITALY, WITH A VIEW TO DEVELOPING A NEW TREATY FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE

PREVENTION OF FISCAL EVASION WITH RESPECT TO INCOME TAXES. THE INCOME TAX TREATY PRESENTLY IN EFFECT BETWEEN THE UNITED STATES AND ITALY DATES FROM 1955.

5. IN THE COURSE OF THE RECENT NEGOTIATIONS MANY SUBJECTS OF MUTUAL CONCERN WERE IDENTIFIED AND DISCUSSED. AMONG THE MAJOR ISSUES BEING CONSIDERED ARE: THE TAXATION OF CHARITABLE AND EDUCATIONAL ORGANIZATIONS; THE TAXATION OF SOCIAL SECURITY PAYMENTS; THE TAXATION OF CORPORATIONS ORGANIZED IN ONE COUNTRY BUT MANAGED OR CONTROLLED IN THE OTHER COUNTRY; THE TAXATION OF PARTNERSHIPS; THE TAXATION OF DIVIDENDS, INTEREST, AND ROYALTIES; THE TAXATION OF RENTALS OF TANGIBLE PERSONAL PROPERTY; THE RULES RELATING TO PERMANENT ESTABLISHMENTS; THE COVERAGE OF ITALIAN LOCAL TAXES; AND THE TAXATION OF DIRECTORS' FEES.

6. THE TREASURY SOLICITS THE VIEWS OF INTERESTED PERSONS IN REGARD TO THESE ISSUES, AS WELL AS OTHER MATTERS THAT MAY HAVE RELEVANCE IN THE CONTEXT OF AN INCOME TAX TREATY BETWEEN THE UNITED STATES AND ITALY. IN ORDER TO PROVIDE UNCLASSIFIED

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AN OPPORTUNITY FOR AN EXCHANGE OF VIEWS ON THIS SUBJECT, THE TREASURY ANNOUNCES THAT IT WILL HOLD A MEETING AT THE TREASURY DEPARTMENT AT 2 P.M., ON JULY 21, 1978, FOR THE PURPOSE OF DISCUSSING THE UNITED STATES POSITION IN REGARD TO THE ISSUES PRESENTED IN THE NEGOTIATIONS. PERSONS INTERESTED IN ATTENDING SUCH A MEETING ARE REQUESTED TO GIVE NOTICE IN WRITING, BY JULY 17, 1978, OF THEIR INTENTION TO ATTEND. SUCH NOTICES SHOULD BE ADDRESSED TO H. DAVID ROSENBLOOM, INTERNATIONAL TAX COUNSEL, DEPARTMENT OF THE TREASURY, WASHINGTON, D.C. 20220." VANCE

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